



TO: Common Manual Recipients

FROM: Carolyn Small, Coordinator/Policy

DATE: April 16, 2004

SUBJECT: Common Manual Updates

Enclosed are the most recent summaries of policy updates approved by the Common Manual Governing Board on March 18, 2004, and a new running index of updates to the July 2003 reprint of the *Common Manual*.

You also may want to view an integrated version of the electronic *Common Manual* on the Missouri Department of Higher Education web site. The *Integrated Common Manual* is a particularly useful reference tool, since it includes new policy language shown by underlined text and deleted language shown by strike-outs. In addition, it contains a special feature: a note box, next to text that has been changed, which includes the effective date and triggering event. At the bottom of each page on which a change has occurred, you will find the policy reference number, batch number and the Governing Board approval date. The *Integrated Common Manual* is provided as a supplement to the enclosed *Common Manual* updates. You may view the electronic version of the *July 2003 Common Manual*, all policy updates to the *July 2003 Common Manual* that have been distributed to date, and the *Integrated Common Manual* at [www.dhe.mo.gov/publications/icminfo.htm](http://www.dhe.mo.gov/publications/icminfo.htm). MDHE participants are notified that new policy updates have been added to the *Integrated Common Manual* through a notice posted to the MDHE E-Distribution list. You may subscribe to this list by visiting the subscription page online at [www.dhe.mo.gov/mdhedigest/signup.htm](http://www.dhe.mo.gov/mdhedigest/signup.htm).

If you have questions about the content of the *Common Manual*, monthly policy updates, or the electronic *Integrated Common Manual*, contact Carolyn Small, coordinator - policy analyst, at (573) 751-1767.

Enclosures

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**If you have any questions about this publication of *Common Manual* Updates, please contact the MDHE Information Center at (800) 473-6757 or (573) 751-3940.**

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**Running Index of Updates for July 2003 *Common Manual*, through March 18, 2004.**

**Furnished by the Missouri Department of Higher Education - Student Loan Program**



## Policy Changes Approved **March 18, 2004**

*Unified Student Loan Policy*

Batch 112: Proposal 761 & 763 - 768

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The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. These changes will appear in the manual's next annual update in July 2004. These changes will also be incorporated into the March 2004 *Integrated Common Manual*. The *Integrated Common Manual* is available on the MDHE web site at [www.dhe.mo.gov/Publications/cminfo.htm](http://www.dhe.mo.gov/Publications/cminfo.htm). Please carefully note the effective date of each policy change.

### **Assignment of a Loan and the Claim Form**

The *Common Manual* has been updated to acknowledge that the Claim Form contains the loan assignment language that meets the requirement that the claim file contain the holder's original assignment of a loan to the guarantor. A lender that files its claims using the paper Claim Form is not required to provide any other information or certifications. Other assignment options previously provided in the manual have been removed.

A lender using an electronic claim filing process should continue to work directly with the guarantor to develop an accurate, timely assignment process that corresponds with the claim filed

<b>Affected Section:</b>	12.1.D Claim File Documentation
<b>Effective Date:</b>	Claims filed by the lender on or after July 1, 2003, unless implemented earlier by the guarantor.
<b>Basis:</b>	Claim Form.
<b>Policy Information:</b>	761/Batch 112
<b>Guarantor Comments:</b>	None



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### **Unemployment Deferment Eligibility Criteria**

The *Common Manual* has been revised to provide additional policy information for determining an unemployment deferment period, as follows:

- An initial unemployment deferment period may not begin earlier than the begin date that a borrower requests.
- The ending of the condition that entitled a borrower to an unemployment deferment is one of the events that determines the end date of an unemployment deferment period

<b>Affected Sections:</b>	10.16 Unemployment Deferment 10.16.C Length of Deferment—Unemployment
<b>Effective Date:</b>	Unemployment deferment requests processed by a lender on or after March 14, 2003.
<b>Basis:</b>	§682.210(a)(6)(i); §682.210(b)(1)(v); §682.210(h); DCL GEN-03-04.
<b>Policy Information:</b>	763/Batch 112
<b>Guarantor Comments:</b>	None



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### **Convictions for Drug Possession or Distribution and Their Effect on Title IV Aid Eligibility**

The *Common Manual* has been revised to update information regarding drug convictions to differentiate between a student who has his or her eligibility for Title IV aid denied when sentenced by a court due to conviction of possession or distribution of a controlled substance and a student who has his or her eligibility for Title IV aid denied due to drug conviction information that he or she reports on the Free Application for Federal Student Aid (FAFSA). In addition, language quoted directly from the Student Aid Report (SAR) has been replaced with a general statement that advises schools and lenders that the SAR provides a warning regarding a student's potential loss of Title IV aid eligibility if he or she is convicted of possession or distribution of a controlled substance.

<b>Affected Section:</b>	5.1.B Student Eligibility Requirements
<b>Effective Date:</b>	None.
<b>Basis:</b>	None.
<b>Policy Information:</b>	764/Batch 112
<b>Guarantor Comments:</b>	None





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### **Delinquency Existing before an Out-of-School Date Change**

The *Common Manual* has been revised to state consistently that when a lender processes an earlier out-of-school date on a loan that is delinquent, the lender may not resolve that delinquency with an administrative forbearance. The lender may apply an administrative forbearance for the period from the adjusted (correct) repayment start date to the previous repayment start date.

<b>Affected Section:</b>	9.5.E Revised Out-of-School Dates after Conversion to Repayment
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .
<b>Basis:</b>	§682, Appendix D.
<b>Policy Information:</b>	765/Batch 112
<b>Guarantor Comments:</b>	None



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### **Claim Form Data Requirements**

The *Common Manual* has been updated to align the claim filing policy with the Claim Form instructions. Revised policy clarifies that all loans included on the Claim Form must have the same lender ID and, if available, the same claim review status, in addition to the same loan type, due date, and interest-paid-through date.

**Affected Section:** 12.1.A Claim Filing Requirements

**Effective Date:** The same "lender ID" requirement is effective for claims filed by a lender using the Claim Form on or after July 1, 2002.

The same "claim review status, if available" requirement is effective for claims filed by a lender using the Claim Form on or after July 1, 1998.

**Basis:** Claim Form.

**Policy Information:** 766/Batch 112

**Guarantor Comments:** None



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### **Timely Filing for Default Claims**

The *Common Manual* has been revised to provide consistency in the explanation of filing time frames for default claims by aligning the text in subsection 12.6.A with text in subsections 11.4.A and 11.4.B. Revised policy states that a lender is strongly encouraged to file a default claim on or after the 300th day of delinquency and may not file a default claim before the 271st day of delinquency for loans with monthly installments. For loans with installments due less frequently than monthly (e.g., quarterly), a lender is strongly encouraged to file a default claim on or after the 360th day of delinquency and may not file a default claim before the 331st day of delinquency.

**Affected Section:** 12.6.A Default Claims

**Effective Date:** Effective for loans for which the first day of delinquency on the oldest outstanding due date is on or after July 1, 2000, unless implemented earlier by the guarantor.

**Basis:** None.

**Policy Information:** 767/Batch 112

**Guarantor Comments:** None

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### Glossary Definitions for Application and Promissory Note Processes

Several glossary definitions have been added, updated, or deleted to reflect the current application and promissory note processes used in the FFELP. The definition of "common application" is being deleted from the glossary and the following definitions of "common form" and "Federal Consolidation Loan Application and Promissory Note" are being added:

**Common Form:** A standardized form for the administration of the FFELP that is developed and maintained by FFELP participants and approved by the Department. For more information and a list of the common forms, see subsection 2.3.C.

**Federal Consolidation Loan Application and Promissory Note:** A common form that a borrower—or, as applicable, spouses as comakers—must complete to apply for a Federal Consolidation loan. For more information about Federal Consolidation loans, see chapter 14.

In addition, the definition of "Master Promissory Note" has been updated and definitions of "Federal PLUS Loan Application and Master Promissory Note (PLUS MPN)," "PLUS MPN," "Federal Stafford Loan Master Promissory Note (Stafford MPN)," and "Stafford MPN" have been added, as follows:

**Master Promissory Note: (MPN)** See "Federal Stafford Master Loan Promissory Note (Stafford MPN)" and "Federal PLUS Loan Application and Master Promissory Note (PLUS MPN)."

**Federal PLUS Loan Application and Master Promissory Note: (PLUS MPN)** A common form that allows a parent borrower to receive loans for either a single academic year or multiple academic years. The parent borrower must complete a separate PLUS MPN for each dependent student for whom he or she wishes to borrow (see section 6.16).

**PLUS MPN:** See Federal PLUS Loan Application and Master Promissory Note.

**Federal Stafford Loan Master Promissory Note: (Stafford MPN)** A common form that allows a student borrower to receive loans for either a single academic year or multiple academic years (see section 6.16).

**Stafford MPN:** See Federal Stafford Loan Master Promissory Note.

**Affected Section:** appendix G  
**Effective Date:** None.  
**Basis:** None.  
**Policy Information:** 768/Batch 112  
**Guarantor Comments:** None